sals in regard to expansion of the vanaspati plant at Khanna and a licence for setting up a plant at Amritsar. The Punjab Government had proposed that it would use rice husk for putting up a captive power plant and thereby save the energy to be consumed for the project. On the contrary, the Central Government, under the category of public sector, have perhaps chosen to favour themselves inas much as a licence was granted to an undertaking of the Central Government but it has not taken any step whatsoever so far to set up the plant at Amritsar, whereas, the plea of the Punjab Government has not found favour with the Central Government. I would like to know from the hon. Minister what steps have been taken in this direction. I would also like to know from the hon. Minister whether it has come to his notice that wherever licences are being given for setting up joint sector palnts there are complaints that the officials of the State Governments are resorting to malpractices while selecting partners for their projects.

SHRI SUKH RAM: Sir, the hon. Member is, perhaps, not aware that we have already allowed the expansion of the Khanna plant from 50 tonnes to 10' tonnes daily.

As far as the complaint of the hon. Member is concerned that State Governments select wrong parties, it is for the State Governments to decided whom they should have as partners. You should ask the State Government. But I feel that in order to ensure that the plans are run successfully they must be taking the right decision.

SHRI GHULAM RASOOL MATTO: Mr. Chairman Sir, there are some areas like the Kashmir valley where the consumption of vanaspati is almost negligible but there is considerable consumption of other edible oils. I would ike to know from the hon. Minister whether there is any restriction on the installation of edible oil extraction and solvent units. If so, I would like to know whether in areas like Kashmir where there are practically no such units, consideration will be given for installation of such units.

SHRI SUKH RAM: I think there is no restriction on installation of oil extraction plants in any State. If the State Governments come up with any proposals in this regard, there cannot be any objection.

SHRI VITHALBHAI MOTIRAM PATEL: The hon. Minister has said in his reply "Some letters of intent have been issued to the State Governments in the joint sector on their recommendations to enable them to make the projects more viable and to exercise effective control on the availability and prices of vanaspati." May I know what the criteria of a viable unit are?

SHRI SUKH RAM: As far as I know, it is about 25 metric tonnes. There have been certain smaller plants, probably 16 or 17, their capacity has already been increased to 25 metric tonnes and I think these plants with 25 metric tonnes are viable units.

*125. [*The Questioners (Shri Pramod Mahajan and Shri Shanker Sinh Vaghela) were absent for answer* vide *col.* 33 infra.]

Soviet offer for expansion of the Bhilai Steel Plant

*126. SHRI KAPIL VERMA:†
SHRIMATI VEENA VERMA:

Will the Minister of STEEL AND MINES be pleased to state:

(a) what have been the time and cost over-runs in the completion of the fou million tonne capacity expansion of the Bhilai Steel Plant; what was the original time and cost schedule and what was the exact time taken and expenditure incurred in its completion and what are the reasons therefor: and

(b) whether the Soviet Union propose to extend their cooperation to some more areas in the Steel Sect[illegible], the details thereof?

†The question was actually asked on the Floor of the House by Shri Kapil Verma.

THE MINISTER OF STEEL AND MINES (SHRI MAKHAN LAL FOTEDAR): (a) and (b) A Statement is laid on the Table of the House.

(a) The required information regarding MT expansion of Bhilai Steel Plant is as follows:—

Statement

(Rs. in crores)

	Cost Estimates		Cost over run	Schedule of Commissioning		Time over run
	Original sanction	Likely		Original	Actual	
	Rs.	Rs.	Rs.			
Bhilai Steel Plant expansion from 2·5 to 4 MT sanctioned in February, 1978	937·7 cr. (Base prices 1st Qr. 1974)	2288·63 cr.	1350·93 cr.	December 1981	March 1988	6 years 3 months

The main reasons for the time and cost over runs in the execution of the scheme have been as follows:

(i) Delay in supply of plant and equipment by major manufacturers/suppliers;

(ii) Inadequate mobilisation of resources of manpower and input materials by the major executing agencies at site;

(iii) Defective equipment supplied by manufacturers/suppliers requiring extensive rectification work at site;

(iv) Increase in quantum of work and provision of additional facilities during the course of implementation as a result of detailed engineering; and

(v) Increase in interest, duties and taxes in addition to escalation in the price of plant and equipment and other items of work during the life of the Project upto October, 1988 an expenditure of Rs. 2108.85 crores has been incurred on the 4 MT expansion programme.

(b) Besides extending their coopration on a continuing basis in projects of steel sector like construction of Visakhapatnam Steel Plant, and Bhilai and Bokaro Steel Plants expansions, the Soviets have indicated their willingness to extend their cooperation in the following areas too:

(i) Madernisation of Bokaro Steel Plant and its expansion to 4.5 MT stage;

(ii) Collaboration between Indian Research and Development Centre for Iron and Steel and Soviet Research Organisation relating to Research and Development programme;

(iii) Memoradum of Undestanding providing for direct cooperation for exchange of scientific and research information, exchange and transfe- of processes and joint research projects between the Bhilai Steel Plant and Azovstal and the Bokaro Steel Plant and Novolipits Plant; and

(iv) Technical collaboration agreement between Metallurgical and Engineering Consultants (India) Limited (MECON) and Tiajpromexport for undertaking detailed engineering work in metallurgical industries.

SHRI KAPIL VERMA: Sir, Bhilai Steel Plant is considered to be the star performer as far as public sector steel units are concerned. I congratulate the Minister for the recent achievement in raising the capacity to 4 million tonnes. I want to know by what time will the actual full production of 4 million tonnes start and also by what time will the decision to raise the capacity further to 5 million tonnes be implemented and achieved? Part (b) of my question is, if you look at the statement, there is a colossal over-run of Rs. 1351 crores in the cost of Bhilai project and project capacity has been delayed by six years and three months, which is quite big. The Minister has explained the reasons by saying that there has been delay in supply of plant and equipment by manufacturers and suppliers and defective instruments and equipment have been received. The Minister is very competent, influential and he has been working hard. I want to know what action he has taken against these manufacturers and suppliers and who those suppliers and manufacturers are.

SHRI MAKHAN LAL FOTEDAR: Sir, Bhilai is not the name of only a place or a plant it is the history of evolution, the history of our passion, the history of our urge to become self-reliant in the production of steel. The hon. Member knows that we have commissioned it and its capacity now is 40 lakh tonnes per year. Perhaps he wants to know, when are we going to achieve the full-rated capacity? I would like to inform the hon. Member that full-rated capacity will be achieved by 1990. Let me give the background of the expansion of the Bhilai Steel Plant Originally, it was envisaged that it will have a capacity of one million tonnes. Then it was expanded to 2.5 million tonnes. Later it was expanded ot 4 million tonnes Hon. Member has made a remark which I should say—a remark that there is colossal over-run in costs and time overruns— is unkind in the sense that our effort has been to allow the indigenous industry, the swadeshi industry, to grow and we had allotted works to certain indigenous firms both in the private and the public sectors. Naturally in the making of the nation or in the making of such steel plants, we have to take risks and we have taken these risks in the national interest. We had appointed a Committee and that Committee has reported that there was delay in the supply of plant and equipment and some equipment was also defective. We are taking some corrective measures in rectifying these things in future.

SHRI KAPIL VERMA: Who are the manufacturers?

SHRI MAKHAN LAL FOTEDAR: The manufacturers are—Heavy Engineering Corporation (HEC), Mining and Allied Machinery Corporation (MAMC) Garden Reach Shipbuilders & Engineers Ltd., Engineering Projects (India) Ltd., Metallurgical and Engineering Consultants (India) Ltd., Bharat Heavy Electricals Ltd., Jessop and Co. Ltd. and Braithwait Company Ltd. All these are public sector undertakings.

There are private undertakings—Siemens (India) Ltd., Larsen and Toubro, Elecon, English Electric, Voltas Ltd., KCP Ltd. These are the private limited companies which have supplied the equipment We have ordered that provisional deduction on account of liquidated damages should be made through the bills of these contractors.

SHRI KAPIL VERMA: Thanks for the action taken?

MR. CHAIRMAN: Smt. Veena Verma.

SHRI KAPIL VERMA: I have my second supplementary, Sir.

MR. CHAIRMAN: You have already asked the second question.

SHRI KAPIL VERMA: No, Sir. That was part of my first question.

MR. CHAIRMAN: I have called Smt. Veena Verma.

SHRIMATI VEENA VERMA: Sir, may I know from the hon Minister what has been the profit or loss in Bhilai Steel Plant year-wise in the last five years? If there has been a loss, what has been done to cut down the loss?

SHRI MAKHAN LAL FOTEDAR: In 1984-85, the profit has been over Rs. 49 crores. In 1985-86 also, profit has been there. In 1986-87 there was loss. In 1987-88 also, there has been loss. I hope this year we are moving towards profit.

श्री अश्विनी कुमार : माननीय सभापति जी, हमारे जो बड़े प्रोजेक्ट है उनमें कास्ट ओवर रन एक क्रानिक प्राब्लम हो गई है और जो कारण मंत्री महोदय ने दिये है व सब जगह लागू होते है । उसके लिये कोई खास किसी चीज की आवश्यकता नहीं है । मैं मंत्री महोदय से यह जानना चाहता हूं कि क्या इस कास्ट ओवर रन के लिए आपने कोई इक्वायरी की और कोई आफिसर, कोई अधिकारी क्या इसके लिये जिम्मेदार पाया गया ? या आपके डिजाइन या इधर उधर उसके ऊपर ठेलकर सारा अलग कर दिया गया । दूसरा, अगर कोई ठेकेदार प्राइवेट सेक्टर का या पब्लिक सेक्टर का जिम्मेदार पाया गया है तो उनके ऊपर क्या ऐक्शन हुआ है ? अंत में, मैं यह जानना चाहूंगा कि क्या सरकार कोई ऐसी पद्धति अपनायेगी कि जो कास्ट ओवर रन है, इसका एक बहुत बड़ा कारण यह है कि उसके प्रमुख, जनरल मैनेजर या मैनेजिंग डाइरेक्टर जो होते है वे हर 6 महीने बाद, साल भर बाद बदल दिये जाते हैं । इसलिए कोई उसमें इंटरेस्ट नहीं लेता है । तो मैं मंत्री महोदय से जानना चाहता हूं कि क्या कंटिनुएटी आफ सर्विस बनाकर उनको काम दिया जायेगा और जो कास्ट ओवर रन को रोककर काम करेगा क्या उसको प्रोत्साहन और जो इसके विपरीत काम करेगा उसको दंड देने के बारे में सरकार सोचेगी ?

श्री माखन लाल फोतेदार : माननीय सदस्य का सवाल सही है कि एक वजह यह भी कास्ट ओवर रन का हो जाता है।

I may tell him that one learns from experience and we have taken certain decisions that there should be continuity of the person incharge of a project. Suppose a project is to be completed in five years, the project officer should have a service tenure of some more years. Within five years, he will complete the project and then after its execution, it must be implemented also. He must ensure the results of the project. So that person will be held responsible not only for execution but even for implementation and operation of the project. We have taken that decision in respect of the other steel plants which are going either for modernization or for expansion, and I can assure the honourable Member that in this context any person who comes under my thumb for violating anything will not be let off.

SHRI V. NARAYANSAMY: Sir, it is a matter of great concern to the honourable Minister and also Members of this House that the project which was to be commissioned in 1981 took more than seven years. One reason which has been given by the honourable Minister in his reply is defects in the equipment supplied by the manufacturers. Another is dearth of manpower and inputs. I am very much concerned about manpower and inputs for the purpose of expansion of the project. But we have no dearth of manpower in our country. It cannot be a ground—that there was dearth of manpower Therefore, I would like to know from the honourable Minister as to who was responsible, at the official level, for the delay of the project Secondly, I would like to know from the honourable Minister whether they are going to adopt indigenous technology with regard to the Visakhapatnam and Bokaro Steel Plants or, whether, when we enter into a Memorandum of Understanding with the USSR, we are going to adopt technology of the USSR.

SHRI MAKHAN LAL FATEDAR: Sir, I do not know what the honourable Member means by "dearth of manpower." If I understand it correctly, perhaps, he means dearth of skilled manpower, technical manpower. Of course, we had dearth of experienced skilled manpower—there is no doubt about it. So far as Bhilai and other plants are concerned, I told him that we have already held an inquiry and action sug-

gested is under consideration. So far as the Bokaro Steel Plant is concerned, I must tell the honourable Member that 85 to 90 per cent of the equipment there is *swadeshi,* indigenous—entirely Indian. We have entered into a Memorandum of Understanding with the Soviet Union recently for preparing the Detailed Project Report for modernization and expansion of the Bokaro Steel Plant from four million tonnes to 4.5 million tonnes. Similarly, we are importing the technology but making this technology *swadeshi,* which will suit the local conditions in the country.

SHRI NARREDDY THULASI REDDY: Sir, to my knowledge, the Bhilai Steel Plant is producing plates too large which cannot be transported by the Indian Railways. They have to be cut into half or some other proportion before being moved out of the Plant. So, I would like to know from the honourable Minister whether there is any proposal to rectify this problem.

SHRI MAKHAN LAL FOTEDAR: Sir, always when certain things move fasther, we have to recitfy we have to go ahead. I must tell the honourable Member that the plates which we are producing in the Bhilai Steel Plant are being exported to one of the most developed countries in the world. There is no difficulty henceforth about that.

SHRI A. G. KULKARNI: Sir, whatever may be the explanations given by the Minister, I am really surprised to see in the Estimate Committee's reports that the total overrun of the public sector projects is about Rs. 2,100 crores. Out of that, the Bhilai project's cost alone is one and a half times the original estimated cost of the project. The Minister must have noted that today itself there is a news item that world reports say that the Indian cost of manufacture of steel is the highest. There are various reasons given by the honourable Minister. Delay in supply of plant and equipment means that it is either the USSR or somebody else. Then you have said that liquidated damages will be collected from this. Then about this cost overrun has any estimate been made of liquidated damages which will be earned by the Bhilai Steel Project or that Company.

The last point is whether the Minister will take note of the world report. The over-employment of workers the inefficiency of the officers and the interference by your Ministry bureaucrats should be minimised so that at least this country in which raw material is available, will produce steel at the cheapest price.

SHRI MAKHAN LAL FOTEDAR: The hon. Member has raised three points. I do not want to refer to the institut which he referred to. I need not repeat that.

SHRI A. G. KULKARNI: What institution? I did not refer to any institution.

SHRI MAKHAN LAL FOTEDAR: You perhaps meant the W.B., I need not say.

SHRI A. G. KULKARNI: I did not say "the World Bank". It is the world report, the World Manufacturers Report.

SHRI MAKHAN LAL FOTEDAR: Yes. I know that certain people or certain countries still any that the production of steel in India is a luxury. We are one of the largest producers of iron-ore. We are the producers of coal. But some people want us that we should export iron-ore and import the finished steel. There is no doubt...

SHRI A. G. KULKARNI: I am not one of them.

SHRI MAKHAN LAL FOTEDAR: Just listen to me. At least you are not one of them. You share my cencern on this. I thank you for that.

Of course, the cost of production of steel is high. But I must tell that the cost of production of steel in other countries also is high. But when they export it to other countries like ours, they sell it at a lower price. That you must know. But we are trying to bring down the cost

of production of steel. Our policy and our goal is to produce the best of steel at the cheapest cost. That is one of the points I would like to make.

Second, he has mentioned about the interference in the steel plants. I must tell the hon. member that we have entered into a memorandum of understanding with the SAIL. That is not only with the corporate office. I have ensured that the corporate office also entered into a memoradum of understanding with the person who is in-charge of the plant. The person in the plant must be able to take a decision. He should not wait for the decision to be taken by the corporate office or the Ministry We have delegated as many powers as possible. Decision making process at the lowest level has started It is the plant man who will be incharge of the plant for its efficiency, for every decision that he has to take. We are ensuring that, and that is why you are finding that there is improvement in the functioning of the plants or in the production of steel.

SHRI A. G. KULKARNI: What about the liquidated damages being included in the estimate or outside the estimate

SHRI **MAKHAN LAL FOTEDAR**: You see, this is a thing of the past. I am looking into it It has come to my notice only recently. I will certainly keep your suggestion in view when it comes to the final conclusion.

SHRI ALADI ARUNA alias V. ARUNACHALAM: Sir, the hon. Minister in his reply has narrated the various reasons for not executing the expansion plan on time. But at the same time he has not explained anything about what effective measures have been taken to overcome these factors. Then to our shock and surprise the hon. Minister replies regarding the cost of production of steel that in the western countries including the United States the cost of production is high but that they are selling steel at a reduced price. In those democratic countries these steel plants are under private sector mostly. What was the need on their part to sell at a reduced price?

MR. CHAIRMAN: What is your question? Put your question please.

SHRI ALADI ARUNA alias V. ARUCHALAM: In fact, the cost of production of steel in India at present is higher when you compare it with that of the United States and other western democratic countries.

MR. CHAIRMAN: Put your question please.

SHRI **ALADI ARUNA alias** V. ARUNACHALAM: So, I would like to know whether the Minister is assertive in his information regarding the cost of production of steel in other countries.

SHRI MAKHAN LAL FOTEDAR: I must tell the hon. Member that even if you ask me about the actual cost of production of steel, for commercial interests, I am not going to disclose it in the House. Similarly, no other country will disclose it because on this depends the international trade. At least I am not going to share the actual production cost with the House in the larger public interest.

SHRI **VITHALRAO MADHAVR** JADHAV: I would like to take this opportunity to state in the House—as Mr. Gorbachov is coming here today—that the Soviet Union has given a great boost to the Indian economy by giving cooperation in the establishment of the important steel plants. So, I would like to congratulate the Soviet Union.

MR. CHAIRMAN: What is the question?

SHRI VITHALRAO MADHAVRAO JADHAV: I am coming to the question. For the establishment of the Bhilai Steel Plant we have taken cooperation from the Soviet Union. Now there has been cost escalation in the steel plants. I would like to know if it is due to the price rise in the Soviet Union or due to the price rise in India...

My second question is: What is the total capacity of production at steel plants, and at what total capacity is the Bhilai steel plant running? I raise this question because here in India we have never achie-

ved total capacity in any of the steel plants, be it the Bhilai Steel Plant or any other plant. And if it is so, I would like to know when are we going to achieve the total installed capacity in the steel plants?

THAKUR JAGATPAL SINGH: It has already been replied.

SHRI MAKHAN LAL FOTEDAR: If the hon. Member wants to know about our demand and availability of steel, I may tell the House that in 1989-90, total demand will be 14.1 million tonnes and availability will be 13.9 million tonnes; In 1990-91 the total demand will be 15 million tonnes and availability will be 15.4 million tonnes, which means 0.4 million tonnes of steel will be surplus. In 1994-95, the total demand will be 19.3 million tonnes and availability will be 20.2 million tonnes. By the turn of the century the total demand will be around 26 million tonnes and availability will be 21.4 million tonnes. We are planning not only to become self-sufficient, but also to become exporters in steel, especially special types of steel. We are planning that strategy. (Interruptions) .

*127. [*The questioner (Shri H. Hanumanthappa) was absent. For answer* vide *col.* 34 infra].

MR. CHAIRMAN: Question No. 128.

SHRI MAKHAN LAL FOTEDAR: Nothing should go on record. We have mentioned the name of a foreign country. It is not due to the Soviet Union that the cost of steel...

MR. CHAIRMAN: I have gone over to Q.No. 128

Cultivation of oil palm

*128. DR. YELAMANCHILI SIVAJI: Will the Minister of AGRICULTURE be pleased to state:

(a) the details of the main recommendations of the Experts' Group on oil palm cultivation and the follow-up action taken thereon, the funds earmarked and disbursed accordingly to various States so far; and

(b) whether any know-how has been sought from Malaysia, the largest grower of the kind, and the experience gained in oil palm cultivation in Kerala during the past 20 years?

THE MINISTER OF STATE IN THE DEPARTMENT OF AGRICULTURE AND COOPERATION IN THE MINISTRY OF AGRICULTURE (SHRI SHYAM LAL YADAV): (a) The main recommendations of the Working Group on Potentialities of Oil palm cultivation are given in the attached statement (*See below*). Follow up action on the recommendations of the Working Group has been initiated and proposals for allotment of funds have been formulated.

(b) Know-how for extending oilpalm cultivation in India has not been sought from Malaysia. Commercial plantings in Kerala have given satisfactory performance and reasonable yields of 2.5-3.0 M.T. of oil/ha.

Statement

(i) The research centre of the Central Plantation Crop Research Institute at Palode under ICAR may be raised to the status of a National Research Centre for Oilpalm.

(ii) The Working Group has identified about 5.75 lakh ha. of land suitable for oilpalm cultivation in States namely Andhra Pradesh, Assam, Karnataka, Kerala, Maharashtra, Orissa, Tamil Nadu, Tripura and West Bengal. The Group has suggested a strategy for covering 2.5 lakh ha. of area under oilpalm cultivation by 2000 A.D.

(iii) The present production of tenera hybrid seeds is about 4 lakh which is sufficient to cover an area of 2,000 ha. per annum. To meet requirement of planting material, import of elite seeds has to be made. Three seed-gardens each with 20 ha. area may be established in three States namely, Andhra Pradesh, Karnataka and Tamil Nadu to meet the future requirements of seeds in the country.

(iv) Two types of units namely, (i) large-scale modern processing unit with a capacity for 5-30 tonnes FB/hr to suit plantations covering 1,000-5,000 ha. with